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ABSTRACT

An examination of the Head Start program by the Office of the Inspector General of the Department of Health and Human Resources was conducted to assess the capacity of the Head Start system to manage the enrollment expansion process successfully. The national Head Start program is in its 26th year and is administered by the Administration for Children and Families (ACF). About 1,300 grantees operate local Head Start programs and serve primarily low-income children of 3 to 5 years. Two rounds of Head Start enrollment expansion in fiscal year 1990 totalled $266 million, and another $159 million, or a 10 percent increase, is scheduled for fiscal year 1991. Total enrollment is projected to increase from 450,970 children to nearly 600,000 children. Structured interviews with a stratified random sample of 75 grantees and 58 program staff members produced the findings that grantees have met enrollment expansion goals for the first round and expect to meet the goals for the next round, and that acquiring space is the grantees' primary problem. Grantees and federal staff have differing views about the impact of expansion on quality, with most grantees generally feeling positive about the impact. Regional staff feel they lack sufficient time and staff to monitor and assist grantees. Recommendations regarding ACF staff resource needs, lead time for grantee expansion, data collection, and ACF staff communication are offered. Comments of the Assistant Secretary for Children and Families are appended. (LB)

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Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

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READINESS TO EXPAND HEAD START ENROLLMENT

PS 020314

Richard P. Kusserow
INSPECTOR GENERAL

OEI-02-91-00741

AUGUST 1991

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EXECUTIVE SUMMARY

PURPOSE

This inspection was conducted to assess the capacity of the Head Start system to successfully manage the current and future enrollment expansion process.

BACKGROUND

This inspection was requested by the Assistant Secretary for Management and Budget (ASMB), Department of Health and Human Services (DHHS), based on concerns about the Head Start system's capacity to expand at a time of rapidly increasing appropriations.

The national Head Start program is in its 26th year, and is now administered by the newly formed Administration for Children and Families (ACF). It serves primarily low-income children, ages 3 to 5, and their families. Currently about 1,300 grantees operate local Head Start programs.

There were two rounds of Head Start enrollment expansion in FY 1990 totaling $266 million, a 21 percent increase over FY 1989; another $159 million, or a 10 percent increase, is scheduled for FY 1991. Total enrollment is projected to increase from 450,970 children to nearly 600,000 children, during the same period. The Administration's budget for FY 1992 requests $100 million in additional Head Start funding, for a total of about $2.06 billion.

METHODOLOGY

We conducted structured interviews with a stratified random sample of 75 grantees (2 large grantees were added), with 52 OHDS staff, including 5 or 6 from each of 10 regions, and 6 OHDS headquarters' staff. We obtained data and perceptions regarding their experiences with enrollment expansion in 1990 and their plans and capacity to handle further expansion in 1991.

FINDINGS

Grantees Report Meeting Enrollment Expansion Goals

- Grantees have met their enrollment expansion goals for the first round of 1990 Head Start expansion and plan to fully meet them for the second round by September 1991.
- Most grantees report few problems with the FY 1990 grant process.
- Three-quarters plan to apply for the 1991 expansion funds.

Acquiring Space Is Grantees' Primary Problem

- In the FY 1990 expansion, most needed more space, cited frequently as a major problem and, typically, the biggest problem.

- Eighty-five percent of grantees will need more space to implement the FY 1991 expansion. Half consider space a major problem. However, they expect to find suitable space by September.

Grantees And Federal Staff Have Differing Views About The Impact Of Expansion On Quality

- Most grantees are generally positive about the expansion's impact on quality; 20 percent, however, think expansion will either have no effect on or will lower quality.

- In contrast, slightly more than half the Federal staff doubt whether grantees receiving expansion funds can maintain or improve quality over the next several years, while nearly 40 percent say they have no reason to be concerned.

Federal Capacity To Manage Expansion Appears Limited

- Regional staff feel they lacked sufficient time and staff to monitor and assist grantees in the FY 1990 funding rounds; also, most regional and headquarters staff claim a serious lack of resources to assess and assist grantees in FY 1991.

- Federal staff lack timely data on grantee enrollment.

- Most Head Start managers feel communication between headquarters and regions needs improvement.

RECOMMENDATIONS

The ACF should:

- address promptly the resource needs of ACF staff;

- provide maximum lead time for grantee expansion and offer technical assistance and guidance to grantees to resolve expansion problems;

- develop a system to collect timely data on grantee enrollment progress during expansions; and

- assure more direct and effective communication between headquarters and regional Head Start staff.

AGENCY COMMENTS

The Assistant Secretary for Children and Families has reviewed the draft of this report and supports the study's findings and recommendations. The Assistant Secretary noted, however, that the report's conclusions apply only to expansion efforts of the magnitude the Head Start program experienced during FY 1990. We agree with this assessment. The complete comments of the Assistant Secretary are included in the Appendix.

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INTRODUCTION

PURPOSE

This inspection was conducted to assess the capacity of the Head Start system to successfully manage the current and future enrollment expansion process.

BACKGROUND

This inspection was requested by the Assistant Secretary for Management and Budget (ASMB), Department of Health and Human Services (DHHS), based on concerns about the Head Start system's capacity to expand at a time of rapidly increasing appropriations.

The Head Start program, now in its 26th year, was established under Title V of the Economic Opportunity Act of 1964. A national program, it serves primarily low-income children, age three to the age of compulsory school attendance, and their families. It is now administered by the newly formed Administration for Children and Families (ACF), DHHS, which absorbed the Office of Human Development Services (OHDS) where Head Start was formerly managed. In OHDS, the Administration for Children, Youth and Families (ACYF) and the Head Start Bureau (HSB) administer the program. The program's services include education, health care (including medical, dental, nutritional and mental health services), parental involvement and social services. At least 10 percent of the enrollment in each State must be made available for handicapped children.

Head Start grantee agencies carry out the program's objectives. There are currently about 1,300 grantees operating. A grantee agency may delegate all or part of its responsibility for the operation of the program to a public or private nonprofit organization. There are about 600 such delegate agencies. The largest grantees, with enrollment in the thousands of children, are referred to as "supergrantees."

Grants are awarded and monitored by OHDS regional staff in the Office of Community Programs and by the American Indians Programs Branch and Migrant Programs Branch in OHDS headquarters. The law requires that the Federal grant shall not (but with certain exceptions may) exceed 80 percent of the approved costs of the program. The grantee must contribute twenty percent of the costs in cash or in kind.

Funding for Head Start grew substantially from $1.24 billion in FY 1989 to $1.95 billion in FY 1991. Two rounds of enrollment expansion funding took place in FY 1990, the first for $100 million, the second for $166 million. Thus, the total increase for FY 1990 was $266 million, a 21 percent increase over the FY 1989 funding level. The second round resulted from an unexpected supplemental allocation by Congress late in the fiscal year. For the first round, grantees applied in April; they applied in either July or October 1990 for the second round. The

Congress permitted the supplemental funds to be obligated by December 31, 1990. In approving the awards, it was anticipated that full enrollment of children would take until September 1991.

Further expansion of $159 million, or a 10 percent increase, is scheduled for FY 1991. In addition, $1.95 million is available for quality enhancements to retain and recruit qualified staff and to increase staff salaries and fringe benefits. Total enrollment is projected to increase to nearly 600,000 children.

Head Start reauthorizing legislation projects expansion funding of $4.27 billion for FY 1992; $5.92 billion for FY 1993; and $7.66 billion for FY 1994. The Administration's budget for FY 1992 requests $100 million in additional Head Start funding, most of which is to be used for further enrollment expansion, bringing the total to about $2.06 billion, as outlined below:

Fiscal Year	1990	1990 supp.	1991	1992
Appropriation	$1.38B*	$166M*	$1.95B	$2.06B
Expansion $	$99.9M	$166M	$159M**	$90.6M
Expansion goals	37,500	60,000	51,000	—
Guidance issued	2/90	6/90	4/91	—
Funds obligated	5-9/90	9-12/90	—	—

* B = billion; M = million

** An additional $241M is provided for quality enhancements ($195M) and other projects, initiatives and assistance ($46M).

METHODOLOGY

We held structured interviews with officials from a stratified random sample of 75 grantees (plus 2 supergrantees), with 52 OHDS staff, including 5 or 6 from each of 10 regions, and 6 OHDS headquarters staff, to obtain data and perceptions based on their experiences with enrollment expansion in 1990 and backgrounds of regional staff from each region. We also asked them about their plans and capacity to handle further expansion in 1991.

We held discussions in each OHDS region with the OHDS Regional Administrator, the Director of Fiscal Operations, the Director of Community Programs (and any supervisors on their staffs), and two program specialists. We conducted interviews in person with six OHDS, ACYF and HSB officials in five regions and in headquarters.

We selected a stratified random sample of 75 grantees from the total of 1,140 (excluding American Indian and Migrant grantees) who received enrollment expansion awards in 1990. It includes: 25 of the 100 (25 percent) who received more than $400,000 in FY 1990 expansion funding; 25 of the 513 (5 percent) who received between $51,000 and $399,000; and 25 of the 527 (5 percent) who received no more than $50,000. None of the grantees from the latter stratum received funds for the first round of FY 1990 funding.

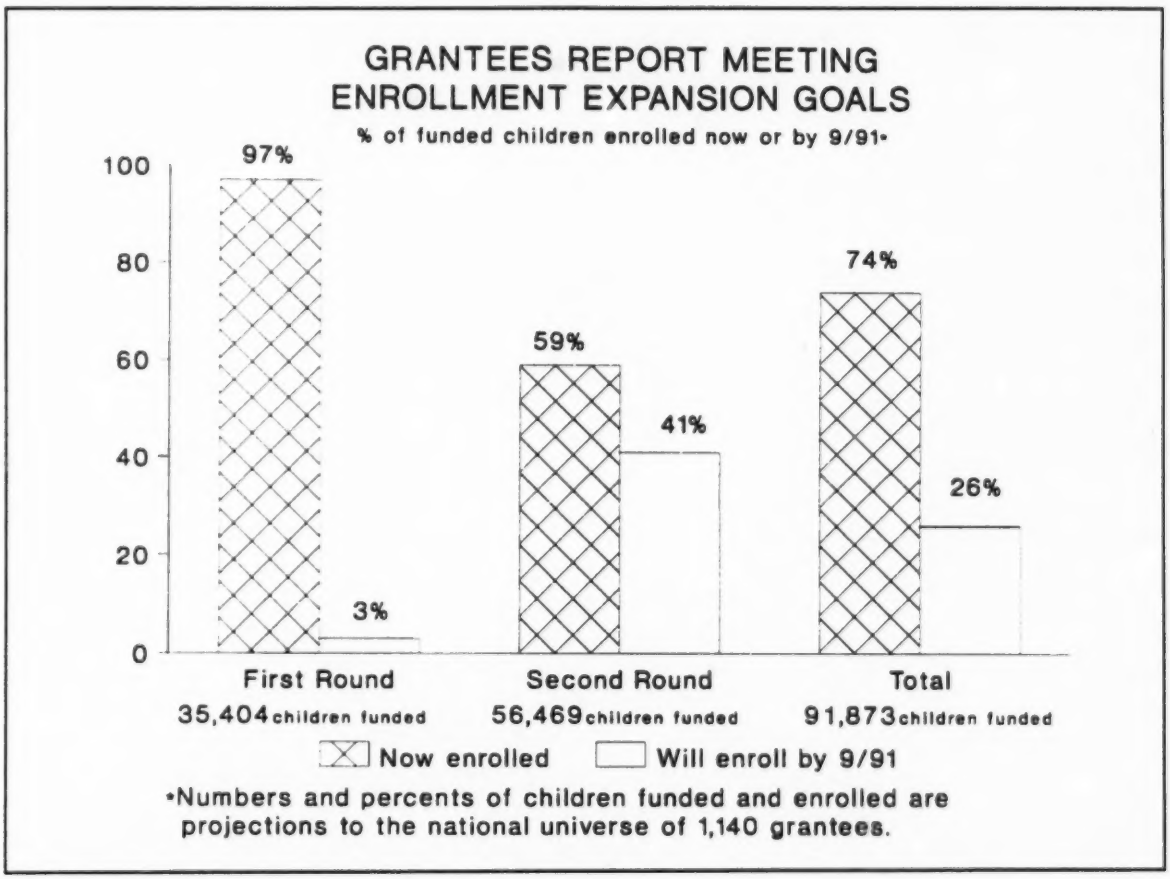
We weighted grantee responses in each stratum to reflect the proportion which their stratum represented of the sample universe. In analyzing responses to questions which did not apply to all respondents, however, we reduced the universe based on the proportion of each stratum to whom the question did not apply. We also visited two supergrantees to learn about the experience of very large grantees with expansion; however, their responses are not included in grantee sample projections.

We held telephone discussions with the Head Start Director and/or the Executive Director of the 75 grantee agencies; and we conducted discussions with the two supergrantees at their offices. We obtained data and perceptions regarding their experience with enrollment expansion in 1990 and their plans and capacity to handle further expansion in 1991. These discussions were held with these grantees in February and March 1991, after two rounds of expansion funding in 1990 and prior to the recent round of expansion funding begun in May 1991.

GRANTEES REPORT MEETING ENROLLMENT EXPANSION GOALS

Goals for FY 1990 first round met; grantees confident about meeting second round goals

Grantees report having met 97 percent of their enrollment expansion goals for the first round. They also expect to fully meet them for the second round of FY 1990 by September 1991. (See Graph)



Few grantees report problems with the 1990 grant process

Ninety percent of the grantees in the first round and 92 percent in the second round learned early about both rounds of expansion and used this lead time to begin planning. Somewhat more than half the grantees received help from regional offices. Over 90 percent of them rate the assistance as either very or somewhat helpful. Almost 75 percent report having had no problems with the Federal instructions they received prior to applying in the first round. Similarly, nearly 80 percent report experiencing no problems with second-round instructions.

Most grantees will apply for FY 1991 expansion funds

Seventy-five percent of the grantees plan to apply in 1991. Sixteen percent will not because they feel they're not ready to expand. (Nearly a third of the latter grantees are reluctant to expand their programs before fully implementing current programs; a quarter said there was competition from public preschool programs for the same children; the remaining grantees cited various reasons including lack of space, staffing problems and realistic assessments of limited capacity to expand further). The remaining nine percent of grantees will predicate their decision to apply on the availability of space, the timing of the grant and the amount of the award. Almost all say there are substantial numbers of unserved children in their service areas.

ACQUIRING SPACE IS GRANTEES' PRIMARY PROBLEM

At least eighty percent of the grantees needed more space in order to expand enrollment in each round; at least 4 of 10 in each round rated obtaining space a major problem. Of those having a major problem of any kind, 30 percent in the first round and 40 percent in the second round considered space their biggest problem. The space problem was most prevalent among grantees funded to increase enrollment by more than 200 children in each round. A typical grantee comment was "I may find a building, but I will have to renovate it." Others cited strict licensing requirements and delays in license approval.

The large majority of grantees in each round had to hire more teachers and support staff and obtain more transportation to expand enrollment. Most did not consider this a major problem.

Eighty-five percent of the grantees anticipate needing more space to expand enrollment in FY 1991; 47 percent of them expect this to be a major problem. Of those who believe space will be a major problem, most say it will be their biggest problem. Nevertheless, many grantees believe that suitable space can be obtained if enough lead time is provided. As indicated in the previous finding, grantees receiving four to six months advanced notification of expansion funding in FY 1990 were able to acquire space for expansion within twelve months of notification.

Eighty-three percent of the grantees will have to have additional staff and sixty-four percent will need more transportation to expand enrollment in FY 1991. Again, few see these as major problems, with suitable lead time.

GRANTEES AND FEDERAL STAFF HAVE DIFFERING VIEWS ABOUT THE IMPACT OF EXPANSION ON QUALITY

Most grantees are generally positive about the expansion's impact on quality. About two-thirds expect expansion funds to raise the quality of services over the next few years. A majority express this without qualification, but others feel it is contingent upon monies being allocated for quality enhancements, such as increased staff salaries and benefits. (As noted on page 3, $195 million will be made available to grantees in FY 1991 for quality enhancements). In contrast, about 20 percent believe expansion funds will either have no effect on or will lower quality. These grantees typically feel quality depends upon meeting the rising cost of staff salaries and

benefits, rent and insurance. Grantees also noted the adverse effect on quality caused by the rising incidence of dysfunctional Head Start families. The remaining 15 percent are uncertain about the impact of expansion on quality.

In contrast to the relatively positive expectations of grantees, slightly more than half the regional and headquarters OHDS staff doubt that grantees who receive expansion funds will be able to maintain or improve the quality of their services. They question whether allocations for salaries and costs per child will be sufficient, whether grantees will have the capacity to maintain quality, and whether Federal staff will be able to evaluate grantee quality. Nonetheless, nearly 40 percent say they have no reason to be concerned about the quality of grantee services. The remaining 12 percent are uncertain about their position on the question.

Regional respondents estimate that 107 grantees in their regions are not ready for further expansion. That is about nine percent of all grantees nationally. Reasons most often cited include weaknesses in grantee infrastructure and management, "high risk" status, and lack of eligible children.

FEDERAL CAPACITY TO MANAGE EXPANSION APPEARS LIMITED

Regional staff felt unable to adequately assist grantees in FY 1990

Regional staff point to a number of barriers to their having been able to help grantees. Fifty percent feel there was not enough time to adequately help grantees prepare applications in each round. Similarly, almost fifty percent report they were unable to do as good a job as they'd have liked in helping grantees prepare their expansion funding applications in the first round; 40 percent were not able to do so for grantees who applied in the second round by July 16, and 20 percent felt unable to do so for grantees who applied in the second round by October 15. Overall, half blamed lack of time and insufficient staff for keeping them from doing a better job.

Most regional and headquarters staff are concerned about the lack of resources for FY 1991

Eighty percent say they lack sufficient resources (both staff and travel funds) to monitor and assist grantees in the coming enrollment expansion effort. Having more staff but not enough travel money, or the reverse would not solve the problem. Providing technical assistance to grantees and performing comprehensive monitoring calls for more onsite visits than are currently possible. Only 3 of 10 OHDS Regional Administrators say they can provide technical assistance or assess grantee expansion progress and problems.

Staff size and grantee workloads vary widely among regions: there are 3 to 17 program staff in each region (the national total is 97) and average staff workloads range from 10 to 27 grantees. Regional offices currently have 31 staff vacancies, most of which are in Head Start slots.

A positive note is that current regional Head Start professional program staff reflect depth in their educational background and program experience. Most have completed undergraduate and/or graduate studies related to Head Start. Many also have prior work experience with Head

Start. Over half have from 10 to 20 or more years of Federal experience working with Head Start grantees.

Federal Head Start staff lack timely information on enrollment

The regional offices and headquarters staff lack ongoing information on grantee expansion progress. They rely primarily on what grantees report to them annually (in June), as part of a "Head Start Program Information Report." They can only verify this information during onsite monitoring visits usually made to grantees no more frequently than once every three years.

Most Head Start managers believe communication between headquarters and regional offices needs improvement

Over half the Head Start managers do not consider communication between headquarters and regional offices to be as efficient and effective as they'd like. They expressed concerns about the headquarters and regional structure under which the Head Start program has operated and other communications problems.

The structure problem relates to the following: the regional Head Start program staff has operated under the Office of Human Development Services (OHDS), Office of Community Programs (OCP), which existed only in the regions and had responsibility also for the Runaway Youth Program. (As noted above, the OHDS was recently absorbed by ACF.) In headquarters, HSB was within ACYF, a division non-existent in the regions. All official ACYF/HSB communications to the regions had to go through the Office of Regional Operations in OHDS headquarters to reach OHDS Regional Administrators. Similarly, all official Head Start/OCP communications to ACYF/HSB had to follow the same procedure in reverse. Both regional and headquarters Head Start staff say this situation caused unnecessary delays in the processing of policy issuances and funding guidances, and has been problematic during the enrollment expansion.

Another concern cited by ACYF and HSB staff is that OCP Head Start staff were accountable to OHDS, not ACYF or HSB, for their performance rating. One respondent said, "Head Start is a $2 billion program and growing, and should be separated from other programs in OHDS. We need regional staff dedicated solely to the Head Start program."

Regional OCP Head Start staff say that little opportunity exists for meaningful regional staff input into headquarters policy decisions, and there is limited regional decision-making authority. One respondent stated, "We have 100 pairs of eyes and ears in the communities," but noted that headquarters does not utilize this experience in developing funding guidances and enrollment expansion policy.

Given the creation of ACF, there may be organizational changes planned which will address some or all of the above-cited concerns.

RECOMMENDATIONS

The ACF should:

- provide, as soon as possible, ACYF and regional staff with the resources to effectively manage and monitor their increasing responsibilities, including staff and discretionary travel funds for more frequent grantee site visits;

- provide maximum lead time for expansion implementation and offer technical assistance and guidance to resolve major expansion problems, including obtaining suitable space, qualified teachers and support staff, and transportation;

- develop a system to collect timely data on grantee enrollment progress during expansions; and

- assure more direct and effective communication between ACYF, HSB and regional Head Start staff.

AGENCY COMMENTS

The Assistant Secretary for Children and Families has reviewed the draft of this report and supports the study's findings and recommendations. The Assistant Secretary noted, however, that the report's conclusions apply only to expansion efforts of the magnitude the Head Start program experienced during FY 1990. We agree with this assessment. The complete comments of the Assistant Secretary are included in the Appendix.

APPENDIX A

Comments of the Assistant Secretary for Children and Families

DEPARTMENT OF HEALTH & HUMAN SERVICES

Carolina Region 2

IG	✓
PDIG	✓
DIG-AS	✓
DIG-EI	✓
DIG-OI	
AIG-MP	✓
OGC/IG	
EX SEC	✓
DATE SENT	7/16

JUL 15 1991

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RECEIVED
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JUL 16 11:46

TO: Richard P. Kusserow
Inspector General
Department of Health and Human Services

FROM: Assistant Secretary
for Children and Families

SUBJECT: Response to Office of Inspector General Draft Report: "Readiness To Expand Head Start Enrollment," OEI-02-91-00741

Thank you for the opportunity to review and comment on your draft report entitled "Readiness To Expand Head Start Enrollment." We are supportive of the findings and recommendations in this report and think it presents a fair and accurate picture of the FY 1990 expansion effort. We note, however, that your conclusions only apply to expansion efforts of the magnitude we experienced during FY 1990. Significantly greater funding increases, for example, might lead to different conclusions.

We would like to comment on the four recommendations contained on page 7 of the report and provide some technical corrections for your consideration in preparing the final report.

OIG Recommendation

1. The Administration for Children and Families (ACF) should provide, as soon as possible, ACYF and regional staff with the resources to effectively manage and monitor their increasing responsibilities, including staff and discretionary travel funds for more frequent grantee site visits.

ACF Comment

We concur with this recommendation. The shortage of staff and travel funds to assure the quality of the program expansion efforts is critical. We are moving to increase the number of staff in the Head Start program both in Headquarters and in regional offices. In FY 1991, we will be adding an additional 13 staff to Headquarters. Should Congress approve our FY 1992 request for additional employees, we anticipate a further staff increase that would include more staff in the regions. The need for additional increases for future years is also being assessed.

Similarly, travel funds have been increased in FY 1991 and we hope to obtain additional increases in future years. Our intention is that these steps will correct the deficiencies that have existed in the past and bring us to a staffing level that will assure our ability to "effectively manage and monitor our increased responsibilities."

OIG Recommendation

2. The ACF should provide maximum lead time for expansion implementation and offer technical assistance and guidance to resolve major expansion problems, including obtaining suitable space, qualified teachers and support staff, and transportation.

ACF Comment

We concur with this recommendation and will make every effort in future years to assure that both grantees and regional staff are given guidance on implementing expansion as soon as possible in the fiscal year. We also agree that sufficient technical assistance and maximum lead time for expansion implementation should be provided to grantees who experience problems operating under compressed timeframes. Several regional offices pointed out that lead time has not been a problem so far, because the required implementation dates for grantees were extended when necessary. We would like to emphasize, however, that no "standard" has been developed. Neither this report nor our experiences with Head Start expansion has allowed us to quantify the term "adequate lead time."

OIG Recommendation

3. The ACF should develop a system to collect timely data on grantee enrollment progress during expansions.

ACF Comment

We agree that grantees' implementation of enrollment expansion needs to be tracked to assess progress and resolve problems that are identified. Our regional offices have maintained close contact with grantees to follow their progress in implementing expansion. However, a more formal system of periodic reports from grantees could provide more reliable data and help assure that the expansion initiative is being implemented successfully. Within the limits of available resources, especially staff in Headquarters and regional offices, we will explore the development of such a system.

OIG Recommendation

4. The ACF should assure more direct and effective communication between ACYF, HSB and regional Head Start staff.

ACF Comment

We agree that direct and effective communication between Headquarters and regional staff is very important in assuring a successful expansion effort and we will continue to explore ways to improve this process. While some regional offices and Headquarters staff may have experienced communication problems which may have caused unnecessary delays in the expansion process, several regions reported that their expansion efforts were successful and their relationships with Headquarters staff were positive.

Technical Comments

Page 1 The first sentence of paragraph five refers to "ACYF regional staff" which do not exist; we suggest that the acronym "ACYF" be deleted. It should also be noted in this sentence that grants are awarded and monitored by staff in the American Indians Programs Branch and Migrant Programs Branch, as well as by regional staff in the Office of Community Programs.

Page 2 On the first line, "$1.95 billion" should be changed to "$195 million."

Page 4 It is stated in paragraph one that 16% of the grantees will not apply for expansion funds in FY 1991. As a basis for designing appropriate technical assistance to such grantees, it would be useful if this section is expanded to include additional information collected by OIG on the reasons for this position.

We suggest that the following statement be added to the end of paragraph two: "However, since the report only covers early expansion efforts, we do not know how much lead time is "enough."

Again, thank you for the opportunity to review and comment on this report.

Jo Anne B. Barnhart